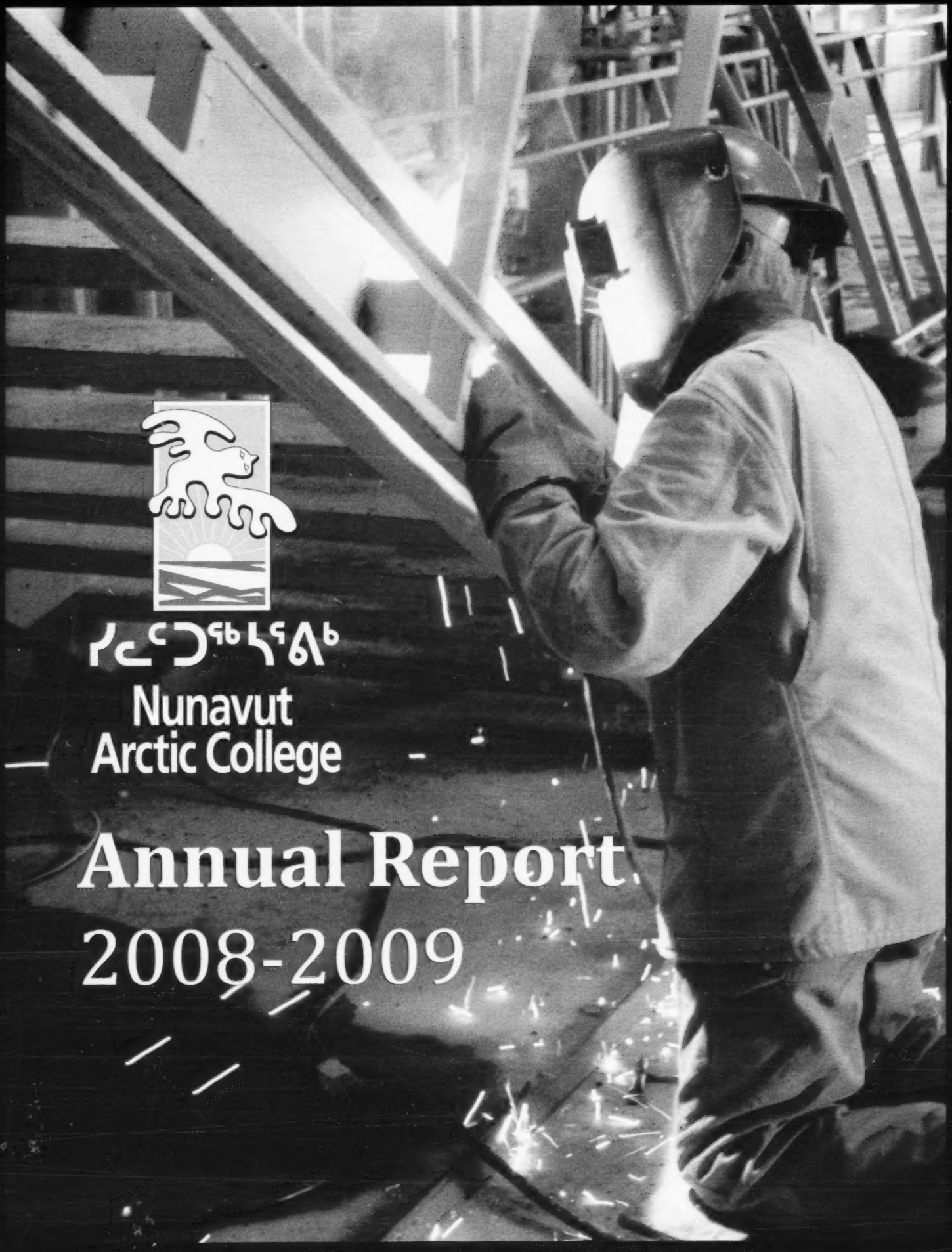

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Nunavut
Arctic College

Annual Report
2008-2009

Letter of Transmittal

This Annual Report is respectfully submitted to the Minister Responsible for Nunavut Arctic College. The report includes Nunavut Arctic College's financial statements as well as highlights of activities and major accomplishments for the fiscal and academic year of July 1st, 2008 - June 30th, 2009.

Due to the strong partnerships with organizations across the territory, Arctic College delivers academic and employment-related programs in communities throughout Nunavut. The College remains deficit-free and continues to strengthen management systems and accountability. The Board of Governors works closely with the President to achieve the Board's strategic goals:

- ***Iliqqusiit-Culture***: building a culturally responsive college,
- ***Nunaliit-Communities***: improving programs and services to communities,
- ***Pitsiaqsimanipaaq-Excellence***: achieving academic excellence, and
- ***Sannginiq-Strength***: strengthening college systems and operations.

Good progress is being made with respect to the development of the Nunavut Trades Training Centre in Rankin Inlet. Site preparation was done in 2008, construction started in spring of 2009, and completion is scheduled for 2010. Everyone looks forward to the official opening in the fall of 2010.

Midway through the year the Government of Nunavut adopted *Tamapta/ᑕᒪᐸᖅ: Building our future together*. *Tamapta* reaffirmed Nunavut's commitment to Inuit social values and set out ten priorities for 2009-2013. The Board of Governors is committed to working with the Government of Nunavut to achieve the objectives and priorities of *Tamapta*, particularly:

- Improve Education and Training Outcomes.
- Connect Our Community.
- Increase Support for Culture and the Arts.
- Enhance our recognition in Canada and the world

My fellow Governors and I are aware of the important role the Board of Governors plays in providing overall leadership and direction to Nunavut Arctic College and ensuring that the programs offered are culturally relevant and widely accessible to Nunavummiut.

The Board is committed to working with you as Minister Responsible for Nunavut Arctic College so that we can continue to build a strong college, expand adult learning programs and services across Nunavut, and achieve the goals of *Tamapta*.

We appreciate the support you have given us during your tenure as our Minister.

Sincerely,

Uriash Puqiqnak, Chair
Board of Governors
Nunavut Arctic College

President's Report

Nunavut Arctic College offers programs in communities through its regional campuses in Iqaluit, Rankin Inlet and Cambridge Bay and its network of twenty-four Community Learning Centres throughout Nunavut. The Nunavut Research Institute continues its work as the lead agency for science, research and technology at its two locations in Iqaluit and Igloolik. Academic Affairs and Finance and Administration Services at Head Office in Arviat provided valuable support during the past year.

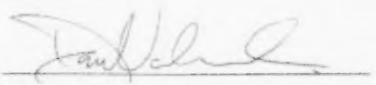
During 2008-2009 Nunavut Arctic College completed the reorganization of its program management team. Previously the team was regionally organized with managers supervising all programs in a region. As the College's programs expanded, this led to some programs being supervised by different managers depending on their location. In 2008 Cabinet approved reorganization around program portfolios. Now managers have territory-wide responsibility for their programs. The Deans still have operational responsibility for their specific campuses.

Midway through the year, a new Minister was appointed to be responsible for Nunavut Arctic College separate from the Department of Education. Throughout its history Arctic College has relied on the Department of Education to provide leadership in obtaining legislative approval of the College's business plans and capital and main estimates. Now for the first time the College's senior management has prepared the necessary documents and directly supported the Minister through the legislative reviews. We are very appreciative of the support provided by the Departments of the Executive, Education, Finance, and Community and Government Services.

Delivering adult learning and training programs and services across Nunavut requires partnerships across government. Since its beginning, the Department of Education has cooperated in the delivery of the Nunavut Teacher Education Program. Likewise, the delivery of the Arctic Nursing Program is in cooperation with the Department of Health and Social Services (DHSS). Recognizing the College's important role in preparing Nunavummiut for careers, the College and DHSS established a partnership committee which meets regularly to review the delivery of health and social services career training. During 2008-2009 its principal focus has been on increasing transferability between programs and careers.

Nunavut Arctic College had a successful year during 2008-2009 as a result of the combined efforts of staff throughout the College including the regional campuses, community learning centres, Nunavut Research Institute, Head Office and President's Office. I would like to acknowledge and thank all Nunavut Arctic College employees for their hard work and dedication this past year.

Sincerely,



Daniel Vandermeulen,
President
Nunavut Arctic College

Above: Nunavut Arctic College students celebrate 2009-2010 Orientation Week in Iqaluit. Photo courtesy of Emily Friesen.

Mission

To strengthen the people and communities of Nunavut by providing life-long learning opportunities for Nunavummiut adults by appropriately delivering quality career programs developed with input from our partners throughout the Arctic, and by making the benefits of Inuit traditional knowledge and southern science more accessible.

Vision

Nunavut Arctic College will strive to be the college of choice for the people of Nunavut by offering culturally relevant programs of the highest national standard. In the advancement of their language and culture, our graduates will value education and will be proud to take their place in Nunavut and beyond.

Strategic Link to Tamapta (ᑕᒪᖏᑦ): Building our future together.

Nunavut Arctic College is committed to working with the Government of Nunavut to achieve the objectives and priorities of *Tamapta (ᑕᒪᖏᑦ): Building our future together.* While drawing inspiration from all ten priorities, Nunavut Arctic College will focus on:

Improving Education and Training Outcomes.

Nunavut Arctic College will broaden training for employment opportunities. Initiatives include the trade training centre at Rankin Inlet and the proposed mine training centre at Cambridge Bay. Arctic College will incorporate recognition of prior learning accomplishments into program admissions. The objective is to increase enrollments and convocate more graduates. The College will continue to cooperate with the Department of Education in the implementation of the *Nunavut Adult Learning Strategy*.

Connecting Our Communities.

Nunavut Arctic College values the participation of Elders in the life of the College. Arctic College will involve Elders in student learning experiences by expanding "*Elders in the Classroom*" to all Community Learning Centres.

Increasing Support for Culture and the Arts.

Nunavut Arctic College will expand the delivery of traditional and contemporary visual arts, language, performing arts, and other forms of Inuit artistic expression in cooperation with *Piqqusilirivvik*.

Enhancing our recognition in Canada and the world

The graduates of Nunavut Arctic College will play leadership roles in their families, communities and across Nunavut. As they grow in their chosen careers, many will present Nunavut's unique views and ideas on matters of national and global importance.

Investment in higher education has the overall effect of improving health, reducing crime, and reducing social assistance and unemployment benefits.

Strategic Link to the Nunavut Land Claims Agreement as at Dec 30, 2008

Nunavut Arctic College supports the Government of Nunavut and Nunavut Tunngavik Inc. in achieving the objectives of the Nunavut Land Claims Agreement (NLCA). In particular, Article 23 of the NLCA has as its objective "to increase Inuit participation in government employment in the Nunavut Settlement Area to a representative level." The College will continue to offer relevant education and training that will prepare Inuit for employment opportunities in government.

Inuit Employment Summary	Current Positions
Total Positions	167.2
Total Vacancies	25.6
Executive	1
Beneficiaries	0
Senior Management	7
Beneficiaries	2
Vacancies	2
Middle Management	19
Beneficiaries	7
Vacancies	3
Professional	92.8
Beneficiaries	28
Vacancies	25
Paraprofessional	23.5
Beneficiaries	12
Vacancies	5
Administrative Support	23.9
Beneficiaries	18
Vacancies	6.6
Total Positions less Vacancies	167.2
Total Beneficiaries	40.6
Percentage Inuit Employment	**47%**

2008-2009 Board of Governors

Nunavut Arctic College is responsible through the Board of Governors to the Minister Responsible for Nunavut Arctic College. The Board of Governors determines policies respecting the administration of the College, including the Nunavut Research Institute. The Board recommends priorities to the Minister for courses and programs that may be established by the Minister, ensures that for each fiscal year an estimate of the revenues and expenditures of the College is prepared and presents budgets to the Minister in accordance with Part IX of the *Financial Administration Act*.

The Board of Governors has the following standing committees: Executive Committee, Finance Committee, and Policy and Programs Committee.

Uriash Puqiqnak, Member – Kitikmeot Region, Chair of the Board of Governors, Member of the Executive Committee and the Policy and Programs Committee.

Jose Kusugak, Member – Kivalliq Region, Vice-Chair of the Board of Governors, Member of the Executive Committee and the Finance Committee.

Danny Kowmuk, Member - Kivalliq Region. Member of the Finance Committee.

Lallie Idlout, Member - Qikiqtani Region, Member of the Finance Committee.

Grant Newman, Member - Kitikmeot Region, Chairperson of the Finance Committee, Member of the Executive Committee.

Katherina-Lucy Kublu, Student Representative, Member of the Policy and Programs Committee.

Zillah Piallaq, Staff Representative, Member of the Policy and Programs Committee.

Frank Pearce, Member - Qikiqtani Region, Chairperson of the Policy and Programs Committee, Member of the Executive Committee.

Daniel Vandermeulen, President, ex officio and non-voting.

Nine Mental Health Diploma Program students from the Nunatta Campus in Iqaluit attended the annual Canadian Counselling Association National Conference in Saskatoon.

2008 -2009 College Highlights

The following College highlights focus primarily on the achievements of our students. The College's new website **www.arcticcollege.ca** is updated weekly and carries the latest news on Arctic College programs, services and student activities.

JUNE 2009

- Nine Mental Health Diploma Program students from the Nunatta Campus in Iqaluit attended the annual Canadian Counselling Association National Conference in Saskatoon.

- *Hairdressing graduate from the Nunatta Campus, Lucy Idlout received a banner from Skills Canada for her silver medal win at the 2008 Canadian Skills Competition. Lucy was later awarded the Governor-General's Award for Academic Excellence and received it directly from Governor-General Michaelle Jean.*
- Four students graduated from the Arctic Nursing Program at Nunatta Campus with Bachelor of Nursing degrees from Dalhousie University.
- Peesee Pitsiulak-Stephens, the College's Nunatta Dean, was one of 21 graduates from the first Master's of Education Program offered in Nunavut. The program was sponsored by the Department of Education and offered by the University of Prince Edward Island.

MAY 2009

- Five students graduated from the Nunavut Teacher Education Program at Arctic Bay with Bachelor of Education Degrees from the University of Regina.
- Karliin Aariak, Meeka Kilabuk, and Connie Pewatualuk, students in the Fur Production and Design Diploma Program at Nunatta Campus, won first second and third prizes at the 2009 North American Fur Fashion Exposition in Montreal.
- Four Human Services Diploma Program students from the Kitikmeot Campus in Cambridge Bay toured Finmark University College in Norway and presented a workshop on innovative counselling options for indigenous peoples.
- Jamasee Pitseolak, a second-year student in the Jewelry and Metalwork Diploma Program at Nunatta Campus, was the regional winner at the 6th Annual BMO Invitational Student Art Competition. Jamesee received the $2,500 award ifor his print titled "What's the Catch?". The competition received 162 entries from arts students at post-secondary institutions across Canada. The winning works are displayed at the Museum of Contemporary Canadian Art in Toronto.

- *Adrienne Pameolik of Arviat, a student in the Management Studies Diploma Program at the Kivalliq Campus, was awarded the $1,500 Ilagiiktut Award for highest academic standing.*

APRIL 2009

- The Inuit Language and Culture Diploma Program at Nunatta Campus launched Life Stories of Northern Leaders. The book series celebrates the history of the Nunavut land claim and the establishment of Nunavut from the perspective of leaders who were involved in its creation – Abraham Okpik, John Amagoalik, Paul Quassa, James Arvaluk and Peter Ittinuar.
- *Nunavut Arctic College was a co-sponsor of the 4th Annual Territorial Skills Competition in Iqaluit.*

- *Nunavut MP and Canada's Minister of Health, Leona Aglukkaq and Chuck Strahl, Minister of Indian and Northern Affairs, announced $11,000,000 for a new headquarters for the Nunavut Research Institute.*
- The April Jewelry and Metalwork Exhibition at the Nunatta Sunakkutaaangit Museum in Iqaluit showed off student creations for tourists and visitors.
- Eleven students from Arviat, Coral Harbour and Rankin Inlet completed the Early Childhood Certificate Program.
- Arctic Bay students and Outtiktuq MLA Ron Elliott launched the electronic Arctic Bay Atlas http://arcticbayatlas.ca.

MARCH 2009

- Four students graduated from the Observer Communicator Certificate Program at the Kivalliq Campus in Rankin Inlet.
- Jason Brown, the College's Director of Customized Training, is the first Inuk to get a degree in psychology and indigenous studies from the University of Victoria. He also received a diploma in intercultural education and training.

- *Special convocation ceremonies were held in Rankin Inlet for Rachel Jones and Nowyah Williams. Rachel Jones is the first graduate of the Nunavut Midwifery Education Diploma Program. Nowyah Williams received an Honourary Diploma to recognize her hard work, traditional knowledge and leadership in establish the Midwifery Program.*
- Second and fourth year students from the Nunavut Teacher Education Program at Nunatta Campus developed www.inuitmyths.com, a website that focuses on traditional stories. As part of the Inuit Traditional Stories course, the students have video taped Elders telling traditional stories.

FEBRUARY 2009

- Camp Cook students at the Kitikmeot Campus helped kick off the 10th Annual Kitikmeot Trade Show in Cambridge Bay. Molly Kaosoni, Benedicta Kayaitok, Verna Ehaloak, Elizabeth Tegumiar, Agnes Akkikungnaq and Typhanny Porter received rousing applause and a standing ovation.
- Five students graduated from the first Computer Systems Technician Diploma Program at Nunatta Campus.
- NorthwesTel choose the fur cape created by Rosalind Machmer, a student in the Fur Production and Design Program at Nunatta Campus, to be featured on the new Nunavut directory cover.
- Cambridge Bay Elders participated in an oral history workshop with Adult Basic Education students at the College's Cambridge Bay Community Learning Centre.

NOVEMBER 2008

- Parniga Thibaudeau, Sherry Katsak-Parks and Tamara Ohokannoak were awarded Al Woodhouse Bursaries. The bursary was established in memory of Al Woodhouse, a long-time resident of Nunavut and supporter of science and research.

OCTOBER 2008

- *Six nursing students at Nunatta Campus - Parniga Thibaudeau, Nancy Zurheide, Melanie Lynch, Kaajuk Kablalik, Sherry Katsak-Parks, and Debbie Strom – won Queen Elizabeth II Awards. The awards are granted to students with the highest grade point averages at the end of first, second and third year.*

MAY 2008

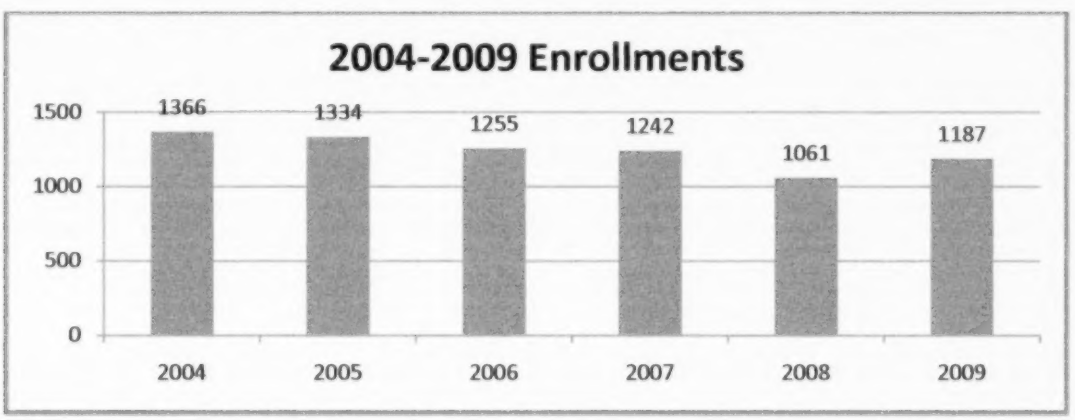
- Nigel Kubluitok, a graduate of the Management Studies Diploma Program at the Kivalliq Campus, received the first *Inuqatigiitianiq* Award for contributions to campus life.

2004-2009 Enrollments

Post-secondary enrollments are influenced by a number of factors, but particularly by funding and the economy. When federal or territorial funding is available, enrollments tend to strengthen. When the economy strengthens, enrollments tend to weaken. Nunavut Arctic College enrollments have declined from a peak in 2004 of 1,366 to 1,061 in 2008. Enrollments are now recovering.

Two-thirds of all Arctic College programs are third-party funded, not base funded. Decreases in third party funding are the main reason for a decline in enrollments. At the same time, enrollments in Adult Basic Education have been declining for the past ten years because students cannot get financial sponsorship. Third-party funding is slowly increasing but there is still insufficient financial sponsorship to significantly increase enrollments in Adult Basic Education.

As the Nunavut economy strengthens, more Nunavummiut are being employed. This has had two contrasting effects on enrollments. Generally it has contributed to a decline in the overall enrollment as young Nunavummiut choose jobs over education. However it has also had a positive impact on a narrow range of trades enrollments. Mining-related training has experienced an increase. Completion of the Nunavut Trades Training Centre in Rankin Inlet is expected to significantly increase trades enrollments in the future.



NUNAVUT ARCTIC COLLEGE

FINANCIAL STATEMENTS
June 30, 2009

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Nunavut Arctic College

I have audited the balance sheet of Nunavut Arctic College as at June 30, 2009 and the statements of comprehensive income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act* of Nunavut, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College, the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of Nunavut and regulations, the *Public Colleges Act* and regulations and the by-laws of the College.

John Apt, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
August 7, 2009

240 rue Sparks Street, Ottawa, Ontario K1A 0G6

NUNAVUT ARCTIC COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Nunavut Arctic College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Board of Governors. The financial statements include some amounts, such as the allowance for doubtful accounts receivable and the provision for employee future benefits that are necessarily based on management's best estimates and judgement.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises this responsibility through the Finance Committee, which is composed of a majority of Governors who are not employees of the College. The Finance Committee meets periodically with management and the external auditors, who have full and free access to the Finance Committee.

The College's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the College and for issuing her report thereon.

Daniel Vandermeulen
President
August 7, 2009

Marcelo Parungao
Bursar / Chief Financial Officer
August 7, 2009

NUNAVUT ARCTIC COLLEGE

BALANCE SHEET
as at June 30
(thousands)

	2009	2008
Assets		
Current:		
Cash	$ 4,386	$ 1,374
Short-term investments (Note 3)	6,281	19,115
Net accounts receivable (Note 4)	2,694	3,761
Prepaid expenses	179	206
	13,540	24,456
Property and equipment (Note 5)	784	546
	$ 14,324	$ 25,002
Liabilities		
Current:		
Accounts payable and accrued liabilities	$ 1,875	$ 1,195
Capital lease obligations (Note 6)	45	29
Due to the Government of Nunavut (Note 10)	5,144	5,323
Deferred government contributions (Note 9)	2,540	13,102
Deferred contract income	990	2,491
	10,594	22,140
Capital lease obligations (Note 6)	157	82
Professional Development fund (Note 7)	441	365
Employee future benefits (Note 8)	1,172	1,028
	12,364	23,615
Retained Earnings	1,960	1,387
	$ 14,324	$ 25,002

Commitments (Note 11)

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Uriash Puqiqnak
Chairperson of the Board

NUNAVUT ARCTIC COLLEGE

Statement of Comprehensive Income and Retained Earnings for the year ended June 30 (thousands)

	2009	2008
Revenues:		
Contract income (Note 10)	$ 11,485	$ 8,042
Room and board	925	653
Tuition fees	847	577
Miscellaneous revenue & recoveries	773	380
Investment income	391	494
	$ 14,421	$ 10,146
Expenses		
Salaries and employee benefits (Note 8)	$ 20,480	$ 17,265
Fees and professional services	6,398	5,079
Buildings and utilities	4,918	4,750
Travel	2,325	1,941
Housing	1,278	1,190
Materials and supplies	1,301	1,073
Furniture and equipment	724	384
Telecommunications	324	300
Advertising and promotion	447	340
Bad debts	321	154
Freight and postage	331	200
Contributions to the Professional Development Fund (Note 7)	198	132
Amortization	155	97
	39,200	32,905
Net loss before government contributions	(24,779)	(22,759)
Government contributions (Note 9)	25,352	22,885
Net income and comprehensive income after government contributions	573	126
Retained earnings, beginning of year	1,387	1,261
Retained earnings, end of year	$ 1,960	$ 1,387

The accompanying notes are an integral part of the financial statements.

NUNAVUT ARCTIC COLLEGE

STATEMENT OF CASH FLOWS
for the year ended June 30
(thousands)

	2009	2008
Cash provided by (used for) operating activities:		
Cash provided by government contribution	$ 8,785	$ 17,246
Cash provided by contracts	10,685	8,035
Cash provided by other sources of income	2,564	2,732
Cash used in operations	(15,996)	(13,333)
Cash used for salaries	(15,639)	(11,466)
Net cash provided by (used for) operating activities	(9,601)	3,214
Cash provided by (used for) investing activities		
Investments purchased	(7,300)	(19,100)
Investments disposed	20,300	16,000
Purchase of property and equipment	(387)	(223)
Net cash provided by (used for) investing activities	12,613	(3,323)
Net increase (decrease) in cash	3,012	(109)
Cash, beginning of year	1,374	1,483
Cash, end of year	$ 4,386	$ 1,374
Supplemental information:		
Interest Paid in the Year	41	14

The accompanying notes are an integral part of the financial statements.

NUNAVUT ARCTIC COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2009

1. THE COLLEGE

a) Authority and Purpose

The Nunavut Arctic College ("the College") is a Schedule B Public Agency as listed in the *Financial Administration Act* (FAA) of Nunavut and, accordingly operates in accordance with Part IX of the FAA and the *Public Colleges Act*. The College is exempt from income taxes.

The purpose of the College is to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of scientific research activity in Nunavut.

b) Contributions from the Government of Nunavut

The College receives contributions from the Government of Nunavut as set out in the Government's Main Estimates and adjusted by supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in Nunavut. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies are as follows :

a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets, liabilities, and revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The more significant areas requiring the use of management estimates are the allowance for doubtful accounts and the provision for employee future benefits. Actual results may differ from those estimated. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, management believes the estimates and assumptions to be reasonable.

b) Short-Term Investments

Short-term investments, which are carried at fair value as they are intended to be held for trading, are comprised of marketable securities with original maturity dates of more than 90 days but less than 12 months.

c) Contributions from the Government of Nunavut

Base Contributions

The College accrues its base contribution from the Government of Nunavut into income on a straight-line basis. The base contribution is set out in the Government's Main Estimates. Base contributions received in excess of amounts accrued are recorded as deferred government contributions. Supplementary contributions are recorded when receivable.

Services Provided Without Charge

The Government provides certain services without charge to the College. The estimated value of these services is recorded as government contributions, and an equivalent amount is included in the expenses.

d) Contract Income

The College enters into contracts with private companies, federal and territorial government departments, agencies and Crown corporations to develop and deliver courses across Nunavut. Payments received under these contracts for which the development and delivery of courses is not completed are recorded as deferred contract income.

e) Property and Equipment

Equipment, furniture and building improvements transferred to the College from the former Arctic College and the Nunavut Research Institute, effective January 1,1995 were recorded at their estimated fair market value at that date. Subsequent acquisitions are recorded at cost. Equipment, furniture, building and building improvements are amortized over their estimated useful lives on a straight line basis at the following annual rates:

Computers and printers	25%
Furniture and equipment	10%
Building improvements	5%
Building	4%
Mobile equipment	10%
Assets under capital lease	over lease term

f) Employee Leave Benefits

The College's employees are entitled to annual leave under the terms of employment. The liability for employee leave benefits is recorded as payable as the benefits accrue to employees.

g) Capital Lease Obligation

The College classifies leases for equipment as either capital or operating leases, as appropriate.

Capital leases

Those leases which transfer substantially all the benefits and risks of ownership of property to the College are accounted for as both tangible capital asset and a related capital lease obligation. Both are initially recorded at the present value of the minimum lease payments, effective at the beginning of the lease.

Operating leases

Operating leases are those leases where substantially all the benefits and risks of ownership are not tansferred to the College. Lease payments under operating leases are expensed in the year they are incurred.

h) Employee Future Benefits

Pension Benefits

Eligible employees of the College participate in the Public Service Pension Plan administered by the Government of Canada. The employees and the College contribute to the cost of the Plan. The College's contributions to the plan reflect the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions and may change from time to time depending on the experience of the Plan. The College contributes at a rate of 2.02 times (2008-2.14 times) the employee's contribution. These contributions are charged to expenditures on a current year basis, and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

Non-Pension Benefits

Under the conditions of employment, eligible employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service and has been determined based on management's assumptions and best estimates.The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and their community of residence. These benefits represent the only obligation of the College that entails settlement by future payment.

i) Financial Instruments – Recognition and Measurement

The College's financial instruments consist of cash, short-term investments, accounts receivable, accounts payable, due to the Government of Nunavut and professional development fund. The estimated fair values of these financial instruments are approximated by their carrying amounts due to the relatively short period to maturity of these instruments. Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The College's financial instruments are measured at fair value on initial recognition. Transaction costs are expensed as incurred. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available-for-sale, held-to-maturity,

loans and receivables, and other liabilities. The College's financial assets and financial liabilities are categorized as follows:

Cash and short term investments are classified as "Assets Held for Trading" and are subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash and short term investments are assumed to approximate its carrying amount.

Accounts receivable is classified as "Loans and Receivables" and are subsequently measured at amortized cost using the effective interest method.

Accounts payable, Professional Development Fund and Due to the Government of Nunavut, are classified as "Other Financial Liabilities" and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities, and Professional Development Fund are assumed to approximate their carrying amounts. The amount Due to Government of Nunavut is considered to be a related party transactions and is measured at its carrying amounts.

j) Comprehensive income

Comprehensive income is composed of the College's net income and other comprehensive income, and requires certain unrealized gains and losses resulting from changes in fair value of certain financial instruments, that would otherwise be recorded as part of net income, to be presented in other comprehensive income until such a time as it is considered appropriate for them to be recognized in net income.

There have been no transactions resulting in other comprehensive income.

k) Adoption of New Acounting Standards

i) Capital Disclosures:
The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, *Capital Disclosures*, requires the College to disclose information that enables users of its financial statements to evaluate the College's objectives, policies and processes for managing capital, quantitative information about what the College requires as capital and disclosures of any externally imposed capital requirements, as well as the consequences for non-compliance. The College has provided this disclosure in note 14.

ii) Financial Instruments – Disclosures and Presentation:
CICA Handbook Section 3862, *Financial Instruments – Disclosures*, require disclosures that enable users to evaluate the significance of financial instruments on the College's financial position and performance; the nature and extent of risks arising from financial instruments to which the College is exposed during the period and at the balance sheet date; and how the College manages those risks. The College has provided these disclosures in note 12.

iii) CICA Handbook Section 3863, *Financial Instruments – Presentation*, establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equities, the classification of related interest, dividends, gains and losses, and circumstances in which financial assets and financial liabilites are offset.

l) Future Accounting Changes

The Canadian Accounting Standards Board has announced that all publicly-accountable Canadian reporting entities will adopt International Financial Reporting Standards (IFRS) as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011. The College is currently evaluating the impact of the adoption of these new standards.

3. SHORT-TERM INVESTMENTS

The College has short-term deposit consisting of a fixed rate Guaranteed Investment Certificate (GIC) at the Canadian Imperial Bank of Commerce (CIBC), bearing interest of 0.4% (2008 - 2.95%) per annum, and maturing during the 2010 fiscal year.

4. NET ACCOUNTS RECEIVABLE

(thousands)	2009	2008
STUDENT RECEIVABLE		
Government of Nunavut	$ 547	$ 573
Student Tuition	616	633
	1,163	1,206
CONTRACTS RECEIVABLE		
Government of Nunavut	1,777	2,132
Others	1,013	1,625
	2,790	3,757
OTHER RECEIVABLE		
Government of Nunavut	18	1
Other	359	125
	377	126
TOTAL RECEIVABLE	4,330	5,089
Less: Allowance for doubtful accounts	(1,636)	(1,328)
	$ 2,694	$ 3,761

There is no concentration of accounts receivable with any customer, except the Government of Nunavut - $2,342,000 ($2,706,000 for 2008).

With respect to Section 82 of the *Financial Administration Act* of Nunavut, the Board of Governors did not approve any write-offs of uncollectable accounts during the year (2008 – nil) as no amounts were presented to the Board of Governors.

5. PROPERTY AND EQUIPMENT

(thousands)	2009			2008
	Cost	Accululated Amortization	Net Book Value	Net Book Value
Computers and printers	91	62	29	38
Furniture and equipment	274	171	103	105
Building	84	3	81	-
Building improvements	215	109	106	117
Mobile equipment	438	146	292	186
Assets under capital lease	249	76	173	100
	$ 1,351	$ 567	$ 784	$ 546

6. CAPITAL LEASE OBLIGATIONS

The College entered into a three (3) year and a five (5) year lease of computer and photocopier equipment, respectively in fiscal years 2007/08 and 2008/09.

Capital lease obligations are based upon contractual minimum lease payments for leases in effect as of June 30,2009.

(thousands)	2009
Total Minimum Lease Payments	$ 286
Less : Imputed interest (Total Interest Expense to be incurred)	(84)
Present Value of Minimum Lease Payments	$ 202

The future minimum lease payments for each of the next 5 years are :

2010	$ 81
2011	77
2012	63
2013	49
2014	16
	$ 286

Lease payments are allocated between repayments of the liability and interest expense. The total minimum lease payments less the initial liability represents the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

The average implicit interest rate for the capital lease obligation is 26.80 % (15 % in 2008). The capital lease obligations expires during the fiscal year of 2013/14.

7. PROFESSIONAL DEVELOPMENT FUND

The College is required, under the Nunavut Employees Union Collective Agreement to contribute an amount equivalent to 4% (2008 - 3%) of instructors' salaries for professional development activities. Contributions to the professional development liability fund were $198,000 (2008 - $132,000) and this amount is recorded as an expense in the Statement of Comprehensive Income and Retained Earnings.

The professional development liability represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

(thousands)	2009	2008
Opening fund balance	$ 365	$ 271
Add: Contribution	198	132
Interest Earned	8	7
Less: Expenditures	(130)	(45)
Closing fund balance	$ 441	$ 365

8. EMPLOYEE FUTURE BENEFITS

Pension

The College and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

(thousands)	2009	2008
College's contributions	$ 1,336	$ 1,210
Employee's contributions	661	565

Non-Pension

The College provides severance and retirement benefits to eligible employees based on years of service and final salary, and removal benefits based on years of service and their community of residence. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Future benefits will be paid out of future appropriations. The accrued obligations at year end are as follows:

(thousands)	2009	2008
Severance & retirement		
Accrued obligation, beginning of year	$ 731	$ 641
Add : Expense for the year	135	185
Less : Benefits paid	(37)	(95)
Accrued obligation, end of year	829	731
Removal		
Accrued obligation, beginning of year	297	320
Add : Expense for the year	65	47
Less : Benefits paid	(19)	(70)
Accrued obligation, end of year	343	297
	$ 1,172	$ 1,028

9. GOVERNMENT CONTRIBUTIONS

(thousands)	2009	2008
Contributions received from the Government of Nunavut	$ 8,785	$ 17,246
Receivable for Nunavut Employee's Union Retroactive Pay	(571)	571
Deferred revenue, Current year	(2,540)	(13,102)
Deferred revenue, Prior year	13,102	11,953
	18,776	16,668
Services provided without charge	6,576	6,217
Total Government Contributions	$ 25,352	$ 22,885

Deferred government contributions of $2,540,000 (2008 - $13,102,000) represents contributions that were received in 2008/09 from the Government of Nunavut for the 2009/10 fiscal year base expenditures.

10. RELATED PARTY TRANSACTIONS

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms. In addition to those related party transactions disclosed elsewhere in these financial statements, the College, had the following transactions:

Contract Income

Of the $11,485,000 of contract income earned in the year, $7,967,729 (2008 - $5,006,170) is for courses delivered on behalf of the Government of Nunavut.

Due to the Government of Nunavut

(thousands)	*2009*	2008
Due to the Government of Nunavut	$ 5,144	$ 5,323

This amount represents expenditures originally paid by the Government of Nunavut, primarily payroll, and invoiced to the College for payment within the current year.

Services Provided Without Charge

The College received payroll processing, insurance and risk management services, human resources, employee benefits and information technology services without charge from the Government. The College also receives, without any rental charges, the use of facilities for its campuses, head office, student housing units and community learning centres. The Government's amortization expense for these assets has been used as the basis for the estimated cost of the use of these facilities.

(thousands)	2009	2008
Employee benefits	$ 981	$ 802
Use of facilities	4,678	4,537
Payroll processing and other services	917	878
	$ 6,576	$ 6,217

11. COMMITMENTS

In addition to the facilities provided by the Government, the College has operating leases and service agreements for student accommodation, office equipment and other services and is committed to the following basic payments over the next three years:

(thousands)	
2010	$ 1,145
2011	147
2012	147
	$ 1,439

12. FINANCIAL RISK MANAGEMENT

The College has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet their obligations. Such risks arise principally from certain financial assets held by the College consisting of cash, short-term investments, and accounts receivable.

The maximum exposure to credit risk of the College at June 30, 2009 is the carrying value of these assets.

i) Cash and short-term investment

The College manages its credit risk surrounding cash and short-term investments by dealing with senior Canadian chartered banks. The College invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements.

ii) Accounts receivable

The College's exposure to credit risk associated with accounts receivable is influenced mainly by the type of debtor.

A breakdown of amounts receivable by type of debtor as at June 30 is as follows:

(thousands)	2009	2008
Government of Nunavut	$ 2,342	$ 2,706
Student Tuition	616	633
Others	1,372	1,750
	4,330	5,089
Allowance for doutbful accounts	(1,636)	(1,328)
	$ 2,694	$ 3,761

To mitigate credit risk related to accounts receivable, the College does regular follow-up on their accounts receivable.

The College establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific accounts and its determined by considering the College's knowledge of the financial condition of customers, the aging of accounts receivable, current business condition and historical experience.

b) Market risk

Market risk the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from cash and short term investment. The College is not exposed to significant currency, interest or other price risk.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities.

The College manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the College's reputation.

At June 30, 2009, the College has a cash and shor-term investments balance of $10,677,000. The College's financial liabilities with contractual maturities are composed of capital lease obligations of $202,000 maturing in the next five (5) years

13. GUARANTEES

Other indemnification agreements.

In the normal course of operations, the College signs agreements whereby funds are provided to the College for the execution of projects which are subject to restrictions as to the use of funds. The sponsors of these projects can execute an audit of the financial records of the College to ensure compliance with the project requirements. In the event that amounts to be reimbursed to the sponsor of a project are identified, the necessary adjustments will be recognized in the year they are identified.

14. CAPITAL MANAGEMENT

The College capital is composed of Retained earnings. The College's objective when managing capital is to safeguard the entity's abilitiy to continue as a going concern in order to maintain financial strength and provide educational services. The College makes short term investments in accordance with its investment policy and in proportion to its working capital requirements.

The College is not subject to externally imposed capital requirements.

15. COMPARATIVE INFORMATION

Certain figures have been reclassified to conform to the current year's presentation.